

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 EB-11 COME-00 TRSE-00 SCEM-02 FPC-01 IGA-02

RSR-01 /121 W

----- 111147

R 042200 Z MAY 73

FM AMCONSUL GUAYAQUIL

TO SECSTATE WASHDC 2653

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FOLLOWING TELEGRAM SENT ACTION QUITO MAY 4 BEING REPEATED TO
YOU FOR INFO:

QUOTE:

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E. O. 11652: NA/ A

TAGS: PINT, ENRG, EC

SUBJ: SPECIAL TRIBUNAL TAKES UP ADA CASE, IMPLICATES OTTO AROSEMANA

1. THE CLOUD OF SUSPICION WHICH LED, LAST NOVEMBER, TO THE
CANCELLATION OF ADA OIL'S GULF OF GUAYAQUIL PETROLEUM CONCESSION
HAS

THICKENED THIS WEEK WITH A WAVE OF DETENTIONS DECREED BY THE SECOND
SPECIAL TRIBUNAL OF QUIOT. ORDERS OF ARREST HAVE BEEN ISSUED SO
FAR AGAINST 13 INDIVIDUALS AND 23 MORE- AMONG THEM EX- PRESIDENT
OTTO AROSEMENA- HAVE BEEN ORDERED TO " PLACE THEMSELVES AT THE
DISPOSITION OF THE COURT". ALREADY IN CUSTODY ARE EX- MINISTER OF
COMMERCE AND INDUSTRY AUGUSTO BARREIRO SOLORZANO; MANUEL
ORELLANA

AYORA, FORMER UNDERSECRETRARY OF THE SAME MINISTRY; AND THE " SIX
FAMOUS NOBODIES" TO WHOM THE CONCESSION WAS ORIGINALLY LET. GALO
PICO MANTILLA, PRESIDENT OF ECUADOR'S CONSERVATIVE PARTY AND
ANOTHER

FORMER COMMERCE MINISTER (DURING AROSEMENA'S PRESIDENCY) IS ALSO
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BEING SOUGHT. HE HAS BEEN HOLED UP AT THE VENEZUELAN EMBASSY SINCE MAY 1 BUT, TO DATE, THERE HAS BEEN NO DECISION REGARDING HIS REQUEST FOR ASYLUM. OTHERS UNDER WARRANT OF ARREST INCLUDE: NESTOR VEGA, UNDERSECRETARY OF COMMERCE DURING PICO'S TENURE, ONE- TIME MINISTER OF FINANCE UNDER THE PRESENT REGIME AND CURRENTLY AN OFFICIAL OF THE IDB IN WASHINGTON; JOSEPH SHANNON WOLFE, AN AMERICAN PETROLEUM SPECIALIST WHO WAS THE MIDDLEMAN IN THE TRANSFER OF THE CONCESSION TO ADA (AND WHO, FORTUNATELY FOR HIMSELF, HAS NOT LIVED IN ECUADOR FOR SOME TIME (REF QUITO 2340); OSWALDO GONZALEZ CABRERA, FORMER SENATOR AND LEADER OF THE PRO- GOVERNMENT BLOCK DURING THE PRESIDENCY OF OTTO AROSEMENA; AND ONE OLMEDO DEL POZO, A QUITO NOTARY WHO LENT HIS SEAL OF OFFICE TO THE CONCESSION TRANSFER.

2. WITHOUT DOUBT THE BIGGEST FISH IN THIS NET IS OTTO AROSEMENA, DURING WHOSE PRESIDENCY THE GULF OF GUAYAQUIL CONCESSIONS WERE LET, AND WHO IS TO " REMAIN AT THE ORDERS" OF THE SPECIAL TRIBUNAL, " PRESENTING HIMSELF AS MANY TIMES AS IT REQUIRES". THE CITATION FOLLOWS VERY CLOSELY ON THE HEELS OF A HEAVILY PROMOTED TESTIMONIAL BANQUET, ENGINEERED BY AROSEMENA IN HIS OWN BEHALF, ON THE APPEARANCE IN GUAYAQUIL OF HIS RECENT BOOK " INFAMIA Y VERDAD". THIS LATTER IS AN OUTSPOKEN AND SELF- SERVING JUSTIFICATION OF HIS ADMINISTRATION'S OIL POLICY, AND PARTICULARLY ADA'S ACQUISITION OF THE GULF OF GUAYAQUIL CONCESSION. AS USUAL AT NO LOSS FOR WORDS, AROSEMENA HAS CALLED THE TRIBUNAL'S MOVE- WHICH APPARENTLY PREVENTS HIM FROM LEAVING THE COUNTRY OR DISPOSING OF ANY OF HIS PROPERTIES- A " CRUDE LEGAL TRICK", " ABSURD AND ARBITRARY", " INCONSISTENT, MALICIOUS AND BASELESS". AROSEMENA'S REMARKS (OF WHICH THE ABOVE IS A FAIR SAMPLE) HAVE BEEN INDIRECTLY ATTACKED BY PRESIDENT RODRIGUEZ WHO REITERATED, IN AN INTERVIEW WITH GUAYAQUIL'S " EL UNIVERSO", THAT THE DECISIONS OF THE SPECIAL TRIBUNALS ARE " ABSOLUTELY INDEPENDENT" AND NON- POLITICAL.

3. WHATEVER AROSEMENA AND HIS FORMER ASSOCIATES IN GOVERNMENT MAY OFFER IN DEFENCE OF THE GULF OF GUAYAQUIL CONCESSION, THERE ARE CERTAIN ANOMALIES SURROUNDING THE GRANT WHICH IMMEDIATELY CALL FORTH THE DIREST SUSPICIONS. IN SPITE OF STRONG INTEREST FROM INTERNATIONALLY REPUTED OIL COMPANIES, AN EXCLUSIVE CONCESSION WAS GRANTED BY GOE AUTHORITIES TO SIX LOCAL CITIZENS OF MODEST MEANS AND NO VISIBLE CONNECTION WITH THE OIL INDUSTRY. ALMOST IMMEDIATELY THESE WERE SIGNED OVER, FOR NO SIGNIFICANT FEE, TO JOSEPH SHANNON WOLFE, WHO, SOON AFTER, REPEATED THE FAVOR FOR THE SIX- US- COMPANY LIMITED OFFICIAL USE

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ADA CONSORTIUM. WHEN QUERIED (SOME MONTHS AGO)
ABOUT THESE SEEMING INCONGRUITIES BY A CONGEN OFFICER, FORMER
ADA GUAYAQUIL REPRESENTATIVE ART GUERRA REPLIED: " SURE IT STINKS,
BUT YOU CAN' T DO BUSINESS ANY OTHER WAY IN ECUADOR. WE TRIED, AND IT
DIDN' T WORK ".

4. WHAT ADA ALSO TRIED WAS TO FIND GAS, HAVING SPENT BY COMPANY
ESTIMATES SOME \$25 MILLION TO DATE. THE FIRM' S TECHNICAL COMPETENCE
AND SERIOUSNESS OF PURPOSE HAS BEEN RECOGNIZED BY THE GOE, IN SPITE
OF THE MESS SURROUNDING ITS ORIGINAL ACQUISITION OF THE GULF OF
GUAYAQUIL CONCESSION. NATURAL RESOURCES MINISTER JARRIN, IN A

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973GUAYAQ00475
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: GUAYAQUIL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730536/aaaahwid.tel
Line Count: 130
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 18 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Jan-2002 by martinjw>; APPROVED <08 FEB 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971209
Subject: SPECIAL TRIBUNAL TAKES UP ADA CASE, IMPLICATES OTTO AROSEMANA
TAGS: ENRG, EC, PINT
To: ARA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005